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VIA FACSIMILE AND REGULAR MAIL

April 22, 2002

Page 1 of 5

OF COUNSEL
DONALD C. CAULFIELD
PAUL WEINSTEIN

*MA BAR
*NY BAR
*TX & ID BAR

Dr. Leonid Shturman
26 Montgomery Lane
Greenwich, Ct 06830

Re: U.S. Patent Application No. 10/084,001
"Self-Indexing Coupling For Rotational
Angioplasty Device"
Our Ref.: 775-010455-US (PAR)

Dear Dr. Shturman:

Enclosed is a Declaration and Power of Attorney attached to a copy of the above-referenced patent application as filed. We would appreciate it if you and your co-inventors would sign and date the Declaration and return it to our office as soon as possible.

Should you have any questions, please do not hesitate to contact our office.

Sincerely,

PERMAN & GREEN, LLP

Ralph D. Gelling

RDG/efm
Enclosure
cc: Gary Petrucci

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OF COUNSEL
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*MA BAR
 *NY BAR

Len Shturman, M.D.
 26 Montgomery Lane
 Greenwich, CT 06830

June 21, 2002

VIA FACSIMILE

CONFIRMATION

RE: Actions Due

Dear Len:

At the request of Gary Petrucci, I am setting out below the information on three cases which have actions due shortly. I attach material from each case so that you can make a determination as to its importance. Please let me know as soon as possible if, in your opinion, these cases are ones which are of sufficient importance to Shturman Cardiology Systems.

(1) 775-010455-US (PAR)

"Axially Self-Indexing Coupling for Rotational Atherectomy Device with Exchangeable Drive Shaft Cartridge"

Filed 10/19/01

Missing Parts Due on July 1, 2002 (with one-month extension). These documents must be filed in the USPTO by the due date or the case will go abandoned. I enclose a copy of the first drawing and the abstract for your information.

(2) 775-009876-CA (PCT)

"Rotational Atherectomy Device"

Based on PCT/US97/11758

A Request for Examination must be filed by July 3, 2002 or the case will go abandoned and all rights will be abandoned in Canada. I believe that you previously indicated that this was one of Shturman Cardiology Systems' most important patents and I would like to confirm that is the case.

Facsimile Message From

Law Offices
PERMAN & GREEN, LLP
425 Post Road
Fairfield, Connecticut 06430 USA

Facsimile Number: 203-255-5170
Main Telephone Number: 203-259-1800

DATE: June 24, 2002

TO: Len Shturman, M.D.

FROM: Bud Green

RE: Actions Due for Shturman Cardiology Systems, Inc.

Number of Pages, including this sheet, being transmitted:

Len:

Gary called me this morning to tell me that you were not able to tell one case from the other from the materials that we sent you on Friday.

- (1) Case 775-010455-US (PAR) - The Missing Parts are due on 1 July 2002. I asked my secretary to send the first sheet of drawings without realizing the first sheet showed the prior art and not the invention. I enclose a copy of the Abstract of this case as well as Figures 5-10 which show the invention (Figures 1-4 are labeled "prior art").
- (2) Case 775-009786-CA (PCT) - The Request for Examination must be filed by 3 July 2002. As you recall, we received this file from your previous patent firm and the file did not contain a copy of the case as filed in Canada. We had to get the first page of the PCT Publication from the internet and that was sent to you with my previous letter. We did not obtain a copy of the entire publication since it is 76 pages long and it could only be retrieved from the internet on a page-by-page basis. Can you identify the invention from the first page of the PCT publication?
- (3) Case 775-010073-US (IC1) - Response to Office Action is due 9 July 2002. I intended to send you the abstract and first drawing with my last letter. I enclose a copy of the abstract and figures 1-6 to help you identify the subject matter.

Please let me know if you need anything else.

Bud

c: Gary Petrucci

The original of this facsimile will be sent to you via mail.



THIS FACSIMILE MESSAGE IS INTENDED ONLY FOR THE USE OF THE ADDRESSEE
AND MAY CONTAIN CONFIDENTIAL OR LEGALLY PRIVILEGED INFORMATION

If you are not the intended recipient, you are hereby notified that any use or dissemination of this communication is strictly prohibited. If you receive this transmission in error please notify us immediately so that we can arrange for the return of the documents to us at no cost to you.

EMPLOYMENT AGREEMENT

This Agreement is made effective as of this 1st day of March, 2000 between Shturman Cardiology Systems, Inc., a Minnesota corporation (the "Company"), and Dr. Leonid Shturman ("Dr. Shturman").

RECITALS

A. Dr. Shturman has been providing services to the Company as Chairman of the Board, President and Chief Executive Officer for over seven years since the inception of the Company.

B. The Company believes Dr. Shturman is valuable to the future growth of the Company and its business.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained in this Agreement, the parties agree as follows:

ARTICLE 1 EMPLOYMENT; TERM OF EMPLOYMENT

1.1) Employment. The Company hereby employs Dr. Shturman and Dr. Shturman hereby accepts employment upon the terms and conditions hereinafter set forth.

1.2) Term. The term (the "Term") of Dr. Shturman's employment under this Agreement shall be deemed to have commenced on March 1, 2000, and continue thereafter until February 28, 2003, unless sooner terminated in accordance with the provisions of this Agreement. Either party may terminate this Agreement at the end of the Term by giving to the other party sixty (60) days written notice (the "Nonrenewal Notice"). If the Nonrenewal Notice is not given, the Term shall be extended for an additional period of ninety (90) days upon the terms and conditions provided herein.

ARTICLE 2 DUTIES; EXTENT OF SERVICES

2.1) Duties. During the Term, Dr. Shturman shall be employed as Chairman of the Board and Chief Executive Officer of the Company and each of its subsidiaries, having such titles as may be appropriate for these roles in any foreign country in which a subsidiary may be located. During the Term, Dr. Shturman shall also serve as President until his replacement as

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1/7/2000 6mB

President is elected by the Board. Upon mutual written agreement of the Company and Dr. Shturman, the Company may appoint others to such positions in the Company's foreign subsidiaries. Dr. Shturman shall have such responsibilities as the Bylaws of the Company may assign to the person serving in such position.

2.2) Extent of Service.

(a) Working time

Dr. Shturman agrees to provide during the Term an average of at least 40 hours of working time per week. The Company understands that Dr. Shturman is the President and owner of Shturman Technologies, Inc. ("STI") and Shturman Medical Systems, Inc. ("SMS"). STI has developed or financed the development of various technologies in the past and may continue to do so in the future which may require the services of Dr. Shturman. Effective June 30, 1998, SMS purchased the stock the Company's former Russian subsidiary which continues to provide services to the Company. During that portion of Dr. Shturman's time which is not ultimately devoted to the Company, he is free to undertake activities on behalf of STI, SMS or other business ventures. Following successful initial clinical testing of the Company's device or devices in Europe or the United States of America, Dr. Shturman is free to engage in other activities including formation, acquisition or operation of new or existing companies in the medical field or outside of the medical field, for profit or non-profit hospital(s), or any other form of practice of medicine.

Dr. Shturman shall disclose to the Board of Directors any business venture or activity (other than as a founder, officer or director of the Company) to which he devotes more than 120 hours per year.

(b) Inventions

- (i) Any inventions made by Dr. Shturman which are primarily applicable for diagnosis or treatment of coronary or peripheral vessels (arteries and veins) or for diagnosis or treatment of any diseases of the heart itself, and which are disclosed by Dr. Shturman to patent attorneys or otherwise documented by Dr. Shturman during the Term, shall be assigned by Dr. Shturman to the Company. If, following the Term of this Agreement, the Company requires the assistance of Dr. Shturman to prosecute or defend patents relating to Dr. Shturman's inventions within the above described field, the Company may request such assistance from Dr. Shturman and, in the event Dr. Shturman agrees to provide such assistance, shall compensate Dr. Shturman at the rate of \$ per hour, which rate shall be adjusted by the increase in the consumer price index from the date hereof to the date such service is provided, and shall reimburse Dr. Shturman for travel, accommodation and other expenses incurred in connection with providing such assistance.

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- (ii) Any invention made by Dr. Shturman which is not primarily applicable for diagnosis or treatment of coronary or peripheral vessels (arteries and veins) or for diagnosis or treatment of any diseases of the heart itself, and which is disclosed by Dr. Shturman to patent attorneys or otherwise documented by Dr. Shturman during the Term ("Noncardiology Invention"), shall remain the property of Dr. Shturman or his assignees. If such Noncardiology Invention has application to diagnosis or treatment of coronary or peripheral vessels (arteries and veins) or for diagnosis or treatment of any diseases of the heart itself, and the Company desires to license such Noncardiology Invention for a use limited to diagnosis or treatment of coronary or peripheral vessels (arteries and veins) or for diagnosis or treatment of any diseases of the heart itself, and the Company agrees to pay or reimburse Dr. Shturman or his assignees or licensees for expenses incurred in obtaining and maintaining patents both domestic and foreign with respect to such Noncardiology Inventions, then Dr. Shturman or his assignees or licensees shall be obligated to grant a royalty free exclusive license to the Company for practice of such patents for use limited to diagnosis or treatment of coronary or peripheral vessels (arteries and veins) or for diagnosis or treatment of any diseases of the heart itself. If following the Term of this Agreement, the Company requires the assistance of Dr. Shturman to prosecute or defend patents relating to Dr. Shturman's inventions described in this paragraph (ii), the Company may request such assistance from Dr. Shturman and, in the event Dr. Shturman agrees to provide such assistance, shall compensate Dr. Shturman at the rate of \$ per hour, which rate shall be adjusted by the increase in the consumer price index from the date hereof to the date such service is provided, and shall reimburse Dr. Shturman for travel, accommodation and other expenses incurred in connection with providing such assistance.
- (iii) If Dr. Shturman or his assignees obtain a patent with respect to any Noncardiology Invention and license such patent to a third party, Dr. Shturman or his assignees shall obligate the licensee to pay to the Company one-half of any royalties or other payments payable by the licensee in consideration for such license. Within ninety (90) days after receiving any payments from a licensee, the Company shall pay to Dr. Shturman or his assignees one-half of all expenses incurred in (i) obtaining and maintaining domestic and foreign patents for such Noncardiology Inventions, (ii) constructing prototypes, and (iii) obtaining legal assistance in the licensing process. If the Company fails to pay one-half of the expenses within ninety (90) days pursuant to the preceding sentence, the Company shall forfeit its right to one-half of the royalties or other payments resulting from the license and shall repay to Dr. Shturman or his assignees all payments received from the licensee.

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- (iv) If Dr. Shturman or his assignees obtain a patent with respect to any Noncardiology Invention, and manufacture or otherwise commercialize products using the technology covered by such patent, then Dr. Shturman or his assignees shall pay to the Company a royalty of percent (%) on all sales of products using the technology covered by such patent. In the event that the manufacture or other commercialization of the product requires additional patent or other rights licensed from a third party, Dr. Shturman or his assignee may request that the royalty be reduced and the Company and Dr. Shturman or his assignees shall negotiate a mutually acceptable reduction in the royalty. Notwithstanding the foregoing, the obligation to pay a royalty pursuant to this paragraph (iv) shall terminate in all respects at such time as the Company shall have performed outside of Russia at least five clinical procedures with human subjects using the Company's rotational atherectomy products.

ARTICLE 3 COMPENSATION

3.1) Base Compensation. During the term of this Agreement, the Company shall pay Dr. Shturman a salary of \$ per year (payable \$ at the end of each month).

3.2) Bonuses.

(a) The Company shall pay Dr. Shturman a bonus of \$ on February 28, 2001 (or upon the earlier termination of his employment) provided that Dr. Shturman shall have filed on behalf of the Company at least four patent applications, two of which are related to design of the control box which governs operation of rotational/orbital atherectomy devices or certain elements of such control box and two of which are related to the design of the handle(s) for rotational/orbital atherectomy devices or certain elements of such handle(s).

(b) The Company shall pay Dr. Shturman a bonus of \$ upon the satisfaction of both of the following conditions: (i) the Company's Dutch subsidiary shall have received by December 31, 2000 firm purchase orders for its rotational/orbital atherectomy products or related accessories in the amount of at least \$, and (ii) the Company shall have collected the amounts owed under such purchase orders not later than March 31, 2001.

(c) The Company shall pay to Dr. Shturman a bonus of \$ on February 28, 2002 (or upon the earlier termination of his employment) provided that Dr. Shturman has filed one or more patents relating to either of the following: (i) significant improvements of guide wires for rotational/orbital atherectomy products and/or mechanisms for control of such guide wires, or (ii) further significant improvements of the principle of operation of the rotational/orbital atherectomy devices.

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1/7/2000
Gmt

9.9) Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

SHTURMAN CARDIOLOGY SYSTEMS, INC.

By Gary Petrucci
Gary Petrucci, a member of the Board of Directors

Dr. Leonid Shturman
DR. LEONID SHTURMAN

653670

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

APPLICANT(s): Shturman et al.

SERIAL NO.: 10/084,001 ART UNIT:

FILING DATE: 10/19/2001 EXAMINER:

TITLE: SELF-INDEXING COUPLING FOR ROTATIONAL ANGIOPLASTY DEVICE

ATTORNEY

DOCKET NO.: 775-010455-US (PAR)

Commissioner of Patents
Washington, D.C. 20231

**STATEMENT OF FACTS IN SUPPORT OF FILING
ON BEHALF OF NONSIGNING INVENTOR (37 C.F.R. §1.47)**

This statement is being filed concurrently with a petition under 37 C.F.R. §1.47. This statement is made as to the exact facts that are relied upon to establish the diligent effort made to secure the execution of the declaration by the nonsigning inventor for the above-identified patent application.

This statement is being made by an available person having first-hand knowledge of the facts recited therein.

I. IDENTIFICATION OF PERSON MAKING THIS STATEMENT OF FACTS

Name: Clarence A. Green, Esq.

Address: PERMAN & GREEN, LLP
425 Post Road
Fairfield, CT 06824
ATTORNEY OF RECORD

II. LAST KNOWN ADDRESS OF THE NONSIGNING INVENTOR

Leonid Shturman

Full name of nonsigning inventor

26 Montgomery Lane, Greenwich, CT 06830

Last known address of nonsigning inventor

**III. DETAILS OF EFFORTS TO REACH NONSIGNING INVENTOR AND DETAILS
OF REFUSAL OF NONSIGNING INVENTOR TO SIGN APPLICATION
PAPERS**

The above identified patent application was prepared and then filed by Perman & Green, LLP on October 19, 2001 without the signatures of the inventors. One of the inventors named is Dr. Leonid Shturman, 26 Montgomery Lane, Greenwich, Connecticut 06830 USA. The firm of Perman & Green, LLP received a Notice to File Missing Parts of Non-Provisional Application dated April 1, 2002. One of the attorneys at Perman & Green, LLP, Ralph D. Gelling, prepared a Declaration and Power of Attorney, attached it to a copy of the above-referenced patent application as filed and sent the package to Dr. Leonid Shturman at the above-mentioned Greenwich, Connecticut address via facsimile and regular mail on April 22, 2002. The letter, a copy attached hereto, requested that Dr. Shturman and his co-inventors sign and date the Declaration and Power of Attorney and return it to the offices of Perman & Green, LLP as soon as possible.

Dr. Shturman called me on April 22, 2002 to say, "this is part of the whole package," which I took to mean that he was not going to sign the Declaration and Power of Attorney until his current negotiations with the Shturman Cardiology Systems, Inc. were concluded.

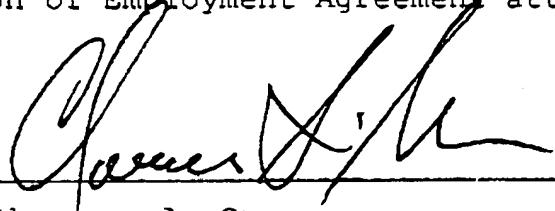
On June 21, 2002, I sent to Dr. Shturman at his Greenwich, Connecticut fax number a facsimile message stating that Missing Parts on the above-referenced application were due with a one month extension on July 1, 2002 (see copy of fax dated June 21, 2002 attached hereto).

Again, on June 24, 2002 I sent to Dr. Shturman at his Greenwich, Connecticut fax number a facsimile message stating that the Missing Parts were due with a one month extension on July 1, 2002 (see copy of fax dated June 24, 2002 attached hereto).

Based on information and belief, I understand that Dr. Shturman left his Greenwich, Connecticut address and the United States to move to Europe around the end of June 2002.

Dr. Shturman has never returned a signed Declaration to Perman & Green, LLP despite our requests and diligent efforts.

To the best of my knowledge, Dr. Shturman also has an obligation to assign inventions made by him to Shturman Cardiology Systems, Inc., as provided for in an employment agreement between Dr. Shturman and Shturman Cardiology Systems, Inc. dated March 1, 2000 (see Article 2, Section 2.2(b)(i) in copy of the redacted version of Employment Agreement attached hereto).

By: 

Clarence A. Green

10/30/02

Date